

SECRETARY OF DEFENSE WILLIAM J. PERRY
REMARKS EN ROUTE TO PUERTO RICO FROM HONDURAS
JUNE 25, 1994

SECRETARY PERRY: I wanted to start off by giving you an appreciation, my appreciation at least, of the trip so far -- going to SOUTHCOM, the brief meeting I had with Vice President Ford, and the brief trip to Honduras.

First of all, in SOUTHCOM. The principal reason I made this trip was for my visit to SOUTHCOM, not for these other two issues. It's part of my general management philosophy, which I've followed for all of my career. It's what some managers call the "MBWA" Management by Walking Around. When I used to run a business, I'd read the memos and reports from all of the people who worked for me, but I'd also go out and walk around the factory floor and see what was happening and talk with people. I profoundly believe that the real way to manage an operation is to go out and see what's happening and talk with the people who are entrusted to make it happen.

This is one of my visits to the commands I will visit by the time -- in the course of my first year in office I will have visited all of our commands. This is just one such visit in that line.

First of all we got, and you participated in some of these, the demonstrations and discussions of the troops. What you may not have been aware of is that those demonstrations and briefings were almost entirely conducted by enlisted men and junior officers and that they were not reviewed by General McCaffrey and his staff. He had enough confidence in the people working for them, he just told them what he wanted them to do and they did it. You can come to your own impressions of that, but I was very, very impressed with the quality and enthusiasm and dedication of the people that I talked with there. I came away with a very warm feeling of that aspect.

Secondly, I scheduled a private meeting with the senior NCO's of the command. You were not present at that meeting, nor was General McCaffrey or any of his staff. We -- just myself and Bob Hall -- Bob and I met with the senior NCO's at a luncheon. There must have been 15 or 20 at the luncheon. I described to them a little bit what the big issues I had on my mind as working with, but mostly it was a question for them to have at me, to ask questions and make comments.

Q. Mid-career NCO's as well?

A. Yes, that's right. They invited some of their mid-career -- one of the sergeants major, for example, invited his NCO of the month to come along with him on that meeting. I've done that at every base I've gone to. I've found that to be a very valuable experience. Particularly, getting with the senior NCO's and separated from their

commanding officers. They have a say of the sort of things they're worried about that are very different, in many cases, from what the leadership is concerned about.

Then finally I had a separate meeting with the leadership. You were not present at that meeting either. That was the dinner meeting the first evening I was there. After the dinner, General McCaffrey invited his senior generals and top colonels and we had a sort of a long, detailed discussion on where the Defense Department is headed from my point of view and they had a chance to weigh in on that, not just in terms of SOUTHCOM issues, but in the broader discussion. They're not going to be in SOUTHCOM forever; they're going to be going on to other commands. They care a lot about what's going on in the Defense Department, not just in SOUTHCOM.

All of those were very successful from my point of view. The bottom line in terms of the people that I met and talked with was that readiness and morale are very high. I was quite impressed with that. The leadership I have very great confidence in. I had confidence with General McCaffrey before he came down here, even more confidence now seeing him in action and seeing him with his other leaders.

The second issue, I wanted to specifically review how General McCaffrey is dealing with the problems of implementing the Panama Canal Treaty. Although the final phase out on that is more than five years away, in terms of military planning, that's not that long a period. He's taking actions right now to deal with that. In particular, we're in the process of going from 11,000 personnel down to 6,000 in the relatively near future.

While we were there, they were in the process of moving the 193rd Brigade out. That's a very big activity. It's involving gradual phasing out of troops. It involves the turning over of facilities from the United States military over to the Panamanian government. We have to turn those facilities over in essentially full operating condition. We cannot let them run down before we turn them over. We've been working very hard to do that. All the while we're doing this we have to preserve quality of life for our people and we have to preserve our ability to fulfill the mission. It probably won't surprise you to know that one of the questions I got at the NCO luncheon was, are you going to let all of these facilities go to seed in the last couple of years here, and in the end I was able to answer them very clearly: no, we're going to maintain those facilities just as if we're going to be here forever. Indeed, we have an obligation under the treaty to do that.

The third thing was reviewing the missions we have there, the missions that support democracy in the Latin American countries part of which is the military to military contact we have established there, the joint training underway there, and of course, the counter drug programs. All of those are going, I think and General McCaffrey thinks, very well indeed. I wanted to pull out one specific aspect I was most impressed with. That was the set of programs we have for performing engineering programs in Central and South American countries. I don't know to what extent you got any briefings on those, but they are really impressive. We're doing those primarily with National Guard or Reserve forces. For us it's a combined training. Plus, they're a very great benefit to the

country involved. Needless to say, they're a very great benefit to the relationship between our countries for performing these missions.

I gave you an overall assessment on the readiness and morale. I would say I'm very pleased also with the way in which we're implementing that treaty. I think that's right on schedule, right on mark. Secondly, I'm very pleased with the way our program execution is going. I want to take back with me, what we're doing with the Guard and Reserves on these engineering programs and see if I can get that instilled on a broader basis. I think it's a exemplary program about a best-used and most effectively trained Guard and Reserves. We have a great program for using and training the Guard and Reserves in air transport. It's much harder to do this for ground forces and this is the best example I've seen doing that today.

That's all I was going to say about SOUTHCOM. I want to pivot down to the meetings with Ford and the meeting with Lopez, unless you have any particular questions.

Q. What's this about the Reserves? How many people did they tell you they've been able to transit through there? Given the fact that they're drawing down, will that mean that that will also have to go down in size? What will happen?

A. They gave me the numbers. I don't have them in my head, but they were tens of thousands, very large numbers of Guard forces cycling through down there and we expect to keep that up even as we phase down there. We still want to do those missions. The fact that we're not going to be physically located in Panama at the end of the next century in no way detracts from the importance of maintaining those missions.

Q. What is it about those -- you mention engineering in particular -- that appeals to you, where you say you want to broaden that?

Q. It's sort of a, not a "two-for," it's a "three-for." We get not only excellent training, very realistic training, for the Reserves and National Guard; we do a real benefit to the country involved, the schools they were building, the wells they were drilling, are very helpful to some of the less developed parts of Honduras and Guatemala, for example; and in addition to that, the third point is it builds a political relationship between the U.S. and the country involved. There's almost nothing we could do that could strengthen those relationships any more than that.

Here, I'll leave these numbers with you. You can see that the numbers are quite large.

Q. When you talk to the NCO's, other than worrying about the facilities running down, what kinds of things are on their minds? Training hours? Enough bullets to actually shoot?

A. Remember the three issues -- but maybe Bob can refresh my memory on them, but one of them was the one that I've just described. There are a host of provisions that come out in the law -- each year there are little riders, amendments get put on the bills which seem small from an overall defense point of view but they loom large in their case. One of the examples of that was this change in the IRS code which required them to consider as taxable income travel expenses that they had. We translate down to an individual NCO who does a lot of long distance traveling, turns out he may be taxed \$500 or \$1,000 in a given year. This is a loss of income to them. There were several issues like that that were brought up, down in the weeds to a certain extent, but from their point of view, very important.

They were concerned about how their missions were going to be effected by the phase down that was going on. I think I was able to give them a pretty satisfactory answer to that. They were concerned -- everywhere I go, they're concerned about when is the drawdown going to be over. Are we going to keep at a pace that does not require RIFs? Again, I think I was able to reassure them on those points. In that area, our biggest problem in dealing with it is mostly fear of the unknown -- that is imagining things are going to happen worse than they are. I was able to give them a good level of confidence that we're about 80% through with this drawdown now and I have as strong assurance as I can get from the President, we're going to stabilize at the 1.45 million level when we get there and not use that as a plateau from which we go down one more notch.

Q. Did you have any discussions with General McCaffrey about where SOUTHCOM headquarters might move?

A. Yes. We don't have a decision. He's not making a recommendation to me yet. What he is recommending to me is that we decide that soon and start acting on it. We're not going to think of that move happening in '99, but happening earlier than that and, therefore, the decision is within the next 12 months. We talked about the process of how we're going to get to that decision. The ball now is in his court. He's going to conduct some studies -- the engineering studies involved -- and get a recommendation to me before this year is over. I would expect to bring that to a decision within 12 months from now.

Q. Why do you need engineering studies? Wouldn't SOUTHCOM move someplace like El Paso or Mississippi? Someplace like CENTCOM is in Tampa?

A. Yes. It's a comparative costs, relative costs. Engineering may not capture the -- it's logistics studies, issues like availability of commercial air. This is a headquarters from which people are going to be coming and going all the time. There's not going to be a lot of activity happening at the headquarters. Therefore, accessibility to international airlines is going to be an important feature for it. The support facilities nearby. Besides availability to commercial air and near a military airbase because there's going to be a lot of logistics going in and out of it. All of those considerations need to be made. We've already considered some of them. He's going to complete that and get a recommendation to me in a matter of months.

Q. Is it conceivable that SOUTHCOM in some form might stay in Panama? I understand the treaty obligations and all that, but is there not any possibility that headquarters could stay in Panama?

A. In the next 12 months, with the new government, it's not one of the options he's considering.

Q. Do you have an idea yet what operations might stay? What operations you would like to see stay in Panama if the Panamanian government invites the Americans to stay past '99?

A. As we know, under the treaty all of it's supposed to go. It's certainly conceivable that the new government, the new administration, on reflecting on the loss to Panama may decide to ask us to keep some of those facilities there. If that happens, we'll certainly consider that seriously. But, if you just look at what is down there that's unique, and where the geographic proximity would be important to us, the two that jump out at you are the jungle training facility and Howard AFB. We have not requested maintaining either of those, but the objective answer to the question is that both facilities by their geographic location is greatly enhanced by keeping them in Panama.

Q. Is the phaseout plan structured in such a way that you're purposely leaving closure of these facilities until the end in the event that the Panamanian government comes to you and says we'd like some of you to stay?

A. They are in the last phases of the closedown plan, but that could be for several reasons. We'll be using Howard AFB right up until the end. That would be the last thing we would consider closing down. That would give us the option, as you say, of taking advantage of an invitation by the Panamanian government. But that's quite a bit ahead of where we are. I've had no discussions and General McCaffrey has had no significant discussions with the Panamanian government on keeping any facilities there.

Q. (Inaudible) yesterday would say that there comes a point of no return, when you've drawn down so much from Panama, moved out so much that it's just too late you can't stop. Did you get any sense of when that point of no return...?

A. We're certainly not even close to that point on Howard AFB because we're going to be using Howard AFB right up to the end.

Q. Do you have any comment on Admiral Arthur's withdrawal of his name?

A. Could I hold that question for awhile and finish the quick report on this trip and then I promise we can come back to Admiral Arthur.

Q. In your conversations with General McCaffrey and any of the other senior officers, did they express any concerns about Haiti and what the United States may do toward that country?

A. I talked with the senior commanders about all of the outstanding security issues that we're facing in Bosnia, North Korea, Haiti. We expressed concerns about all of them. There was no particular emphasis on Haiti. Indeed, we did not discuss Haiti very much. Most of that discussion focused on North Korea as being an overwhelmingly more important problem in their minds and in my mind.

Q. I just thought Haiti might be a particular concern since, of course, they have such frequent contact with other Latin American leaders -- might be hearing some things that they would want to pass on.

A. I would have thought that at one time, too, but there's more of a separation there than I had imagined and you might imagine. For one thing, the Caribbean is not in SOUTHCOM. That's not part of their area of responsibility. It's in the Atlantic Command, USACOM. Secondly, it's not a Spanish-speaking country, and that sort of separates it from the other Latin American countries in fairly important ways. There's not quite the interest and the identity with Haiti problems that I had originally imagined.

Let me go on briefly to talk about the other two parts of the visit. I had a very interesting discussion with Vice President Ford this morning. This was strictly a courtesy call. I had no business, so to speak, to meet with him, but I was in his country and I felt it was appropriate to offer. We started off by -- he started off by discussing the election and the transition that he's going through now. Basically, his message there is that he and President Endara are overseeing a very smooth and orderly transition process. First of all, it was an orderly election apparently done without fraud and a very smooth transition process was underway. We talked, of course, about the treaty implementation. Most of that focused on the turning over of facilities. That discussion evolved into some discussion of how we handle base closing in the United States and how we help the communities in the United States develop re-use plans so they can make most effective use of a military facility that's being abandoned. We offered him some assistance in that regard by making available to him some of the planning we had done and are doing for the re-use of bases in the United States. It was just a generally cordial discussion. I don't have anything more to say about the discussion with Vice President Ford.

We then went to Honduras. First of all, met with Vice President Lopez and many of the senior military, including the Minister of Defense, the Minister of Foreign Affairs, as well, and the Chief of the General Staff. I told him how pleased we were with his administration's support for democracy. That's been a real beacon, I think, in Central America to see the Hondurans move in that direction. I was very appreciative of his coming out from the capital to meet me there because I did not have time to go into the capital on my visit. We talked about how that base -- this is a Honduran base and it's a base we're using basically by their sufferance, by sort of a handshake agreement. We have

used it now for more than 10 years. We've made very effective use of it, but I told him that as long as we were welcome there, in the future we would want to continue to use that base, but that we anticipate that the intensity of use would decrease in the years ahead. We're really drawing down some of our people there at the base and some of the missions we have being conducted out of the base now. It was a very cordial and friendly discussion. Then I went on a tour of the base and back in the airplane.

Now, questions -- first of all about the Lopez/Ford discussions and then we cover any other issues you want to talk about.

Q. You say a "drawdown in intensity." Is that just because of the overall drawdown of forces or exercises or what specifically is that?

A. We had the major activities underway there at one time in support of activities when the war was going on in El Salvador. Today, it's mostly being used as a (inaudible) point for air flights going down to South America. We do some support for our counter-narcotics operations out of there. Also, some of our training missions that I described to you, some these engineering missions, are based out of that air base. It's certainly a lower level of activity than it was to five years ago by quite a bit. We have been drawing down, pulling some of our forces out of there. We're on our way down to -- I think 500 will be the active duty people who will be based there by the end of the year.

Q. Another subject? What is it you'll be looking for during your visit on the Eisenhower in terms of the captain has talked about sewing the sleeve onto the shirt of the Navy. He wants it to be a seamless transition. What sort of questions are you going to ask? What are you going to look for there?

A. This is going to be Management by Walking Around again. The same thesis as down at SOUTHCOM. The reason I chose this particular ship at this particular time, was first of all it was sort of on the way back from SOUTHCOM. It was convenient. Secondly, it's going through this, what you might call a "shakedown cruise" now of integrating women on a large scale into the operation. While it's still very early in that process, I wanted to get some early indications as to how well that's going. I will do that by talking to a lot of people in general and by having private meetings with some of the women on board the ship. Just as I had with the NCO's in SOUTHCOM.

I'll be interested in much more, though, than just a question of the integration of women. Since the carrier battle group is one of the most potent arms of our military force, there's nothing that I find that brings home to me both of the power of a carrier battle group and the complexity of its operation, than to land and take off on a carrier. Then to stand there at night on the bridge and watch air operations at night. That's truly an impressive, in fact, almost a stunning experience to see how difficult and complex it is to conduct that operation. It just brings home to you in a way that you could not get by reading about it, how the training has to be honed to just the absolute top level in order to make that happen well.

Q. Do you have a reaction to Admiral Arthur? Will he have to retire? What happened to him?

A. First of all, let me say that I have very high regard for Admiral Arthur and on the basis of my personal knowledge of him plus what I have read and studied in the IG reports, that I do believe that his actions were appropriate. I do not believe that he made any inappropriate actions or decisions. I'd like to start off by offering a vote of confidence in Admiral Arthur.

The second point to make is that I believe I fully understand why he decided to withdraw the nomination. The process, and you're very familiar with this confirmation process, is vulnerable to any one senator or small group of senators holding it up for some period of time if they are unsatisfied for any reason with the nominee. That process can be discouraging and debilitating to the person involved, which I'm sure was true with Admiral Arthur's.

It also -- something not generally realized -- disrupts the whole system of orderly replacement of people and positions. We could not afford to have that CINCPAC position go unfilled, particularly at a time when we have significant problems in Korea. It's not just a question of the CINCPAC position, any time any senior position like that is held up for some number of months, if you think about it a little bit, you realize there is a domino effect that holds up a whole set -- maybe as many as another half a dozen or a dozen appointments that all get backed up waiting for that one to get resolved. It poses a very substantial problem, both to the individual involved, both Admiral Arthur, and to the orderly management of the Defense Department. For all of those reasons, I fully understand why Admiral Arthur withdrew his nomination. I'm sorry about it.

Q. Is the message: "You dare not flaunt the woman who complained of harassment?"

A. No, I think if you look back in history, that when nominations have been held up, they've been for all sorts of reasons. This is just one of the many reasons for which confirmations have been held up, and it's not just for military officers -- military officers, presidential appointees, ambassadors. In each case, the person involved and the department involved has to make a decision as to whether it is worth fighting it and taking all the down sides that come with that or withdrawing. In this case, Admiral Arthur's decision was to withdraw and I'm sorry about that.

Q. Will he remain Vice Chief? What happens?

A. He'll stay Vice Chief until such time as his retirement comes about. I don't know that he and Admiral Boorda have worked out when that's going to occur, but we did have another Vice Chief slotted to go into that position and if Admiral Boorda proceeds on that plan then that would mean that Admiral Arthur would be retiring. Now I have not

discussed with either Admiral Boorda or Admiral Arthur in the last few days so I am not a current authority on that issue, but that would be a logical conclusion.

Q. I get the sense that higher officials possibly even yourself were involved in his decision. You discussed it and you all agreed or some group all agreed that he would be better to step down.

A. Dr. Deutch called me on this trip and informed me on Admiral Arthur's decision and I could have intervened. I could have called back and urged him not to and I chose not to do that. So to that extent, yes.

Q. Inaudible

A. As of the time I left on this trip he had not made this decision so I received word of this by phone while I was traveling.

Q. A question of readiness of the troops came up. Is the Readiness Panel about ready to come out with their report? Are you hearing from them soon? The Shy Meyer group?

A. The answer I am sure is "Yes," but I don't have the date in my mind.

Q. Oh, O.K.

A. But, I can get that for you. It is really imminent. It is imminent.

Q. Have they given you an outline of what they are going to say? Have you had a chance to see it at all?

A. I haven't read it. No. But, I have gotten a verbal report from Shy, on....

Q. Is there anything that gives you any grave concern, or anything that you'll see you might take action on?

A. One thing in their conclusion that I found surprising, but that is because I have been meeting with them and talking with them right along, they made a number of very concrete recommendations for actions to be taken, some of which actions we have already taken, because we have not been waiting for the actual report to come out to act on them.

There will be different people who will evaluate the report in different ways. But, in my mind the most significant result of that Readiness Panel was their identification of the importance of flagging Readiness as a top priority in a concrete way in the budget process. And, indeed, it was as a result of this specific recommendation that I stopped the preparation of the fiscal guidance document for the fiscal '95 while it was on its way to the press practically, pulled it back and made fundamental changes in the guidance to the Services. Now, I had already told them verbally the things which we put in the document,

but the Readiness Panel's view was that the Services reacted to this document in a formal and much more meaningful way than any verbal discussions and that it ought to be brought into the document right-up on the first page, so that is what I did. And, if you recall, the phrasing in the document was that not only did it state the readiness would be the first priority in the preparation of the budget, but that any other requirement could be traded off in favor of readiness.

Now that set a tone, I think, for the preparation of the budget which we will reiterate in the successor preparation of the budget and I think it is going to have a profound effect on the long-term readiness of forces. Now they have some other specific recommendations which have to do with measuring readiness and tying the measure of readiness to certain components in the budget so that you can more clearly assess how this budget decision relates to that readiness parameter. And, I think that is all very useful as well.

Q. Now that we are heading into the Caribbean, have you got any updates on what is happening with the COMFORT and refugees? Has there been any larger numbers going in or anything?

A. The last figures that I saw there was no particular upsurge occurring. We have the ship on-processing in and functioning and the ground processing should be functioning within a matter of a few weeks. So, we are prepared. We are already handling refugees by this new system. It seems to be working, at least at the levels that the refugees are coming through now and it will continue, I think, to be effective even if the number increases substantially in the future.

Q. Now that you have seen the cutoff of commercial air now actually finished, to our country anyway, and you have seen the beginnings of some of the financial things, is your assessment of the situation on the ground approximately the same with regard to what you are hearing from the leadership?

A. My assessment when we proposed doing those was that they would be, that they would fight, that they would be quite effective in terms of putting pressure specifically on the leadership and the elite in those countries. The preliminary reports that we are getting suggests that that is the case, but, I think it is too early to come to any real conclusions.

Q. Thank you.

A. Thank you. It is good to talk to all of you.

Q. Thanks.

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Defense secretary backs Adm. Arthur

ABOARD THE USS DWIGHT
D. EISENHOWER — Defense
Secretary William Perry said he
supports Adm. Stanley R. Arthur
but did not to try to stop him
from withdrawing his nomination
to be America's Pacific com-
mander.

Mr. Perry spoke yesterday with
reporters on board his aircraft as
he flew from Honduras to Puerto
Rico and then transferred to the
aircraft carrier Eisenhower,
which is conducting flight oper-
ations in the Caribbean.

Adm. Arthur withdrew his
name from consideration to be
the head of U.S. forces in the Pa-
cific after several senators
questioned his role in a female
Navy officer's sexual harassment
case. "I do not believe his actions
were inappropriate. . . . I have
very high regard for Adm. Ar-
thur," Mr. Perry told reporters.